

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6298

BILL NUMBER: SB 52

DATE PREPARED: Nov 6, 2001

BILL AMENDED:

SUBJECT: Sourcing of Mobile Telecommunications Taxes.

FISCAL ANALYST: John Parkey

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FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: This bill implements the federal Mobile Telecommunications Sourcing Act, which provides that taxes, charges, and fees levied on wireless telephone service shall be paid to the jurisdiction where the customer's primary use of the service occurs, irrespective of where the wireless telephone service originates, terminates, or passes through. The bill makes conforming changes in the statutes concerning the sales tax on intrastate telecommunications service and the monthly emergency wireless enhanced 911 fee on wireless service. It specifies that implementation of the federal act does not authorize the imposition of new taxes, charges, or fees that are not otherwise authorized by law. It also authorizes a provider of wireless telephone service, in the absence of an electronic data base provided by the Department of State Revenue or another designated data base provider, to rely on enhanced ZIP codes for purposes of assigning customer addresses to taxing jurisdictions. The bill provides that "bundled" offerings of taxable and nontaxable wireless service are considered taxable unless the provider of the service provides information that supports the nontaxability of a part of those services.

Effective Date: August 1, 2002.

Explanation of State Expenditures: *Background Information:* Implementing the federal Mobile Telecommunications Sourcing Act (MTSA) will conform Indiana to federal law and clarify the taxing jurisdiction of calls made from mobile telephones. Since Indiana does not tax interstate phone calls, the bill is not expected to have an impact on state Sales Tax revenue. However, if Indiana were to institute a sales tax on interstate calls in the future, the state would be required to adopt the provisions of MTSA in order to collect Sales Tax revenue on mobile phone calls made by Indiana residents outside of the state.

As of September 4, 2001, 14 states have passed the legislation, and others are expected to address the legislation in their upcoming legislative sessions.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue.

Local Agencies Affected:

Information Sources: National Conference of State Legislatures, State Conformity to the Federal Telecommunications Sourcing Act; Jim Mundt, Legislative Liaison, Department of State Revenue, 232-8022.